

TRANSMITTAL SLIP		DATE 10 Dec 1967
TO: Acting Director of 223		
ROOM NO.	BUILDING	<i>S. L. / Smith</i>
REMARKS: For information. This is a copy of the Schultze paper, provided by Truchcart to Cord Meyer.		
FROM: O-Executive Director-Controller		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

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(7)

Approved for Release

Date

June 1999

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Radio Liberty and Radio Free Europe

How can support be provided to Radio Free Europe and/or Radio Liberty while minimizing the risk to the President of the disclosure of continued CIA funding?

The announced December 31 cut-off date for Government support to American private voluntary organizations and the 1969 budget wrap-up make decisions on the approach to the Radios necessary. There appears to be a method of proceeding which would minimize the risk to the President.

Risk

The President publicly approved the policy statement recommended by the Katzenbach-Cardner-Helms Report which banned CIA funding of American voluntary organizations. The public report stated that exceptions to the policy statement would be given only on findings of "overriding national security interests" by the Secretaries of State and Defense. Moreover, the Katzenbach Committee stated that, based on their intensive review of organizations then receiving covert CIA funding, none would currently justify any exception to the Presidentially-approved policy.

While continued covert funding by CIA with an exception appears preferable to the "limited acknowledgment" scenario of the Radio Study Group Report, it still poses a very considerable risk to the Administration. The CIA funding issue, though latent in the news recently, is probably not dead. News media are interested enough and know enough to attempt

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to test the credibility of the Administration on this matter by digging into the continued operations and funding of "suspect" organizations after the announced cut-off date (December 31). The Radios, particularly RFE, will be a prime target, especially in view of the flap over TV advertising this spring and the noticeable discontinuance of public solicitation.

On the other hand, some argue that the Radios were "created" entities and not American voluntary organizations in the usual sense, and therefore, should not be considered to be under the Katzenbach policy. The question is whether the press and public will accept this distinction.

Possible Approach

As an alternative to continued CIA covert funding beyond December 31 with an exception, a lower risk approach appears to be:

Surge fund both RL and RFE before December 31, 1967,
at the FY 1968 funding levels (no modernization) so
that both can continue operation until June 30, 1969.

This would mean program reduction to the extent of absorbed cost increases. This would give us another year to decide what to do with both RL and RFE. Possible options a year from now include: overt funding by USIA, a Free Communications Institute, overt funding by CIA, termination with transfer of some staff and facilities to USIA.

We considered the possibility of further phase-down of RL during FY 1968, but upon examining the ancillary activities and the levels of radio operation, we decided

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that this would be just as noticeable a signal of coming closure as an immediate termination announcement and might present the same problems as immediate termination.

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We might shift funding of certain RL and RFE ancillary activities (e.g., RL's book program) to covert funding as foreign organizations, thereby reducing the surge cost in FY 1968 by as much as [] []

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